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Message Text

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17
ACTION AF-07

INFO OCT-01 EUR-12 NEA-06 ISO-00 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01

INR-05 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 FEA-01

PA-01 PRS-01 USIA-06 IO-10 FTC-01 EA-06 /118 W
---------- 121493
R 191540Z DEC 74
FM AMEMBASSY COTONOU
TO SECSTATE WASHDC 6806
AMEMBASSY ABIDJAN
INFO AMEMBASSY LOME
AMEMBASSY NIAMEY
AMEMBASSY LAGOS
AMEMBASSY PARIS
AMEMBASSY TRIPOLI

C O N F I D E N T I A L COTONOU 1947

EO 11652: GDS
TAGS: EINV, ENRG, PINT, DM
SUBJ: DAHOMEAN GOVT'S INTENTIONS RE INDEMNIFICATION OF OIL COMPANIES STILL UNCLEAR

REF COTONOU 1877

1. SUMMARY: THE DAHOMEAN GOVT STILL HAS NOT MADE ANY PUBLIC STATEMENT AS TO WHETHER IT INTENDS TO INDEMNIFY FOREIGN PETROLEUM COMPANIES WHOSE LOCAL INTERESTS IT TOOK OVER ON DEC 4. AN AD HOC COMMITTEE MADE UP OF CIVIL SERVANTS HAS BEEN APPOINTED TO DEAL WITH THE CLAIMS OF THE COMPANIES. IT WILL ONLY BE WORKING PART TIME. IF THE GOVT DECIDES TO NEGOTIATE A SETTLEMENT, THE PROCESS IS LIEKLY TO BE LONG AND DRAWN OUT. IT IS POSSIBLE THAT A STRUGGLE IS STILL GOING ON WITHIN THE COUNTRY'S LEADERSHIP OVER WHETHER OR NOT TO SETTLE
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WITH THE OIL COMPANIES. END SUMMARY.

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2. DAHOMEAN GOVT (MRGD) HAS NOT YET MADE A PUBLIC STATEMENT WHETHER IT INTENDS TO INDEMNIFY THE PETROLEUM COMPANIES WHOSE INTERESTS HERE WERE NATIONALIZED EARLIER THIS MONTH. ACCORDING TO FRENCH AMB, 3 MINISTERS, MICHEL AIKPE, LEOPOLD AHOUEYA AND MARTIN AZONHIHO -- THE THREE WHO HAVE THE MOST INFLUENCE AT THE MOMENT -- OPPOSE THE ASSUMPTION OF ANY PUBLIC POSITION.

3. ACCORDING TO DAHOMEY'S OFFICIAL MEDIA, MESSAGES OF SUPPORT FOR NATIONALIZATIONS HAVE COME FROM NORTH KOREA'S KIM IL SUNG AND LIBYA'S HEAD OF STATE, COL QADHAFI. QADHAFI'S CONGRATULATORY MESSAGE "BLESSED" THE NATIONALIZATIONS AND PROMISED KEREKOU HIS FULL SUPPORT.

4. DAHOMEAN GOVT HAS SET UP AN AD HOC COMMITTEE TO DEAL WITH CLAIMS FOR INDEMNIFICATION FROM THE OIL COMPANIES. THE COMMITTEE IS HEADED BY MR S F SUL-KIFOULI SALAMI, FIRST TECHNICAL ADVISOR TO MIN OF INDUSTRY, COMMERCE & TOURISM. DCM CALLED ON SALAMI TO DISCUSS THE GOVT'S INDEMNIFICATION PLANS. ACCORDING TO SALAMI THE GOVT LAST WEEK GAVE THE OIL COMPANIES ONE MONTH (I.E. UNTIL 4 JAN) TO PRESENT THEIR BALANCE SHEETS AND OTHER DOCUMENTS TO THE AD HOC COMMITTEE. HE ADDED THAT, IN VIEW OF THE AMOUNT OF DETAILED WORK INVOLVED, THE COMPANIES WOULD BE GIVEN AN EXTENSION OF AN ADDITIONAL WEEK OR SO IF NECESSARY. (SALAMI CALLED US TODAY TO ASK US TOINFORM TEXACO AND MOBIL, WHOSE REGIONAL HEADQUARTERS ARE IN ABIDJAN) THAT ALL OF THEIR DOCUMENTS NOW HAD TO BE IN BY DEC 31. WE SAID WE WOULD CONVEY THE MESSAGE BUT WE BELIEVED IT WOULD BE TECHNICALLED VERY DIFFUCULT, AT LEAST IN TEXACO'S CASE, TO BE FULLY PREPARED THAT SOON). AD HOC COMMITTEE IS TO STUDY THE DOCUMENTS PRESENTED AND PREPARE A REPORT FOR SUBMISSION TO THE COUNCIL OF MINISTERS. SALAMI BELIEVED THAT ONCE THE REPORT HAD BEEN APPROVED BY THE MINISTERS, THE COMMITTEE WOULD BE AUTHORIZED TO BEGIN NEGOTIATIONS WITH THE COMPANIES. THE LATTER WOULD BE ALLOWED TO BRING ALONG TO THE NEGOTIATIONS WHATEVER EXPERTS THEY REQUIRED. RESULTS OF THE NEGOTIATIONS WOULD BE SUBMITTED TO THE COUNCIL OF MINISTERS FOR APPROVAL.

5. THE AD HOC COMMITTEE IS STILL IN ITS FORMATIVE STAGE. IT WILL
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BE MADE UP OF CIVIL SERVANTS REPRESENTING THE FOLLOWING SECTORS: JUDICIARY, FINACE, ECONOMICS AND TECHNICIANS. MEMBERS WILL CONTINUE IN THEIR REGULAR JOBS AND ONLY DEVOTE PART TIME TO COMITTEE'S WORK.

6. SALAMI WAS UNABLE TO PROVIDE ANY TIMETABLE ON THE STAGES IN THE PROCESS, EXCEPT TO RE-EMPHASIZE THAT THE COMMITTEE WOULD NOT BE WORKING FULL TIME. HE ALSO INDICATED THAT TO HIS KNOWLEDGE

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NO THOUGHT HAD YET BEEN GIVEN TO THE BASIS TO BE USED FOR A SETTLEMENT.

7. IN DEALING WITH DAHOMEAN OFFICIALS EMBASSY IS USING MODERATE LOW-KEY TACTICS STRESSING POSITION UNDER INTERNATIONAL LAW AND DAHOMEY'S NEED TO RETAIN THE CONFIDENCE OF OUTSIDE WORLD BY MAKING JUST SETTLEMENT WITH COMPANIES THROUGH NEGOTIATION ASAP. BELIEVE THIS APPROACH IS THE ONE MOST LIKELY TO INDUCE A SENSE OF OBLIGATION ON THE PART OF THE DAHOMEAN GOVT, AS WELL AS REALIZATION THAT NEW INVESTMENT CANNOT BE ATTRACTED IF THE OLD INVESTORS ARE MISTREATED.

8. COMMENT: ABSENCE OF ANY PUBLIC ASSURANCE BY DAHOMEN GOVT AND THE REPORTED OPPOSITION OF THE MOST INFLUENTIAL MINISTERS TO THE IDEA OF GIVING ASSURANCES SUGGEST THAT THE DECISION WHETHER SUGGEST THAT THE DECISION WHETHER TO INDEMNIFY OIL COMAPNIES HAS NOT YET BEEN MADE. FRENCH, WEST GERMAN AND AMERICAN AMBS HAVE THE FORNMINISTER'S PRIVATE ASSURANCE THAT THERE WILL BE A SETTLEMENT, BUT THAT IS ALL THAT HAS COME TO LIGHT IN THE WAY OF THE GOVT'S INTENTIONS. FORNMIN MAY ONLY HAVE BEEN EXPRESSING A PERSONAL OPINION. IF THE GOVT DECIDES TO SETTLE, EMBASSY BELIEVES THAT THE PROCESS WILL BE LONG DRAWN-OUT FOR THESE REAONS: (A) STUDY AND REPORT-DRAFTING ARRANGEMENTS ARE LIKELY TO BE SLOW AND INEFFICIENT. AD HOC COMMITTEE WILL WORK ONOY PART TIME. THEY MAY TAKE MONTHS TO STUDY DOCUMENTS AND PREPORT FOR THE COUNCIL OF MINISTERS. (B) IN NEGOTIATONS THE COMMITTEE IS LIKELY TO BE INDECISIVE BECAUSE CIVIL SERVANTS HERE NOWADAYS ARE SO AFRAID THAT THEY REFER ALL MATTERS TO THEIR MINISTERS, WHO IN SOME CASES DO NOT HAVE CONFIDENCE IN THEIR SUBORDINATES. END COMMENT.

9. HAVING REQUESTED APPOINTMENT WITH FORNMIN THREE DAYS AGO (THERE SEEMS TO BE AN ENDLESS SUCCESSION OF MEETINGS OF COUNCIL
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OF MINISTERS AND REVOLUTIONARY BODIES), AMB HOPES SEE HIM SOON TO RENEW REQUEST FOR CLARIFICATION OF GOVT'S INTENTIONS RE NATIONALIZED INTERESTS AND TREATMENT OF FUTURE INVESTORS.

10. FOR ABIDJAN: AMB AND DCM MET WITH HENRY POUEX OF TEXACO'S REGIONAL OFFICE DEC 12. (MEMCON POUCHED TO YOU AS WELL AS TO AF/W AND EB) WE APPRECIATE EXCELLENT BRIEFING YOU GAVE HIM ON BASIS OF OUR CABLES. POUEY INDICATED TEXACO PLANNED TAKE LOW KEY COOPERATIVE APPROACH. ITS GOAL WILL BE TO TRY TO AVOID A SLUGGING MATCH AND SALVAGE EVERYTHING IT CAN BY PERSUASION. WE EXPLAINED THAT OUR GOAL WAS TO (A) INDUCE DAHOMEAN GOVT TO MAKE A JUST SETTLEMENT AND (B) FOSTER BEST POSSIBLE NEGOTIATING CLIMATE. EMBASSY MAY DRAW ON PARAS 3 THROUGH 7 ABOVE TO BRING REPS OF TEXACO AND MOBIL OIL REGIONAL OFFICES UP TO DATE. WE WOULD APPRECIATE (A) INFO WHETHER THEY CAN MEET NEW DEC 31 DEAD-

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LINE FOR PRESENTATION OF DOCUMENTS (PARA 4 ABOVE) AND (B)
SOMETHING ABOUT THEIR PLANS.

11. FOR DEPT: WE WOULD WELCOME VIEWS OF TEXACO AND MOBIL
US HEADQUARTERS.
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